

Message Text

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PAGE 01 ROME 06751 162225Z

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ACTION EB-11

INFO OCT-01 EUR-25 ADP-00 L-03 CAB-09 CIAE-00 COME-00

DODE-00 INR-10 NSAE-00 RSC-01 FAA-00 DOTE-00 RSR-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 9784

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E.O. 11652: N/A

TAGS: ETRN, IT

SUBJECT: CIVAIR - SEABOARD ALL-CARGO OPERATIONS

REFERENCE: STATE 130319

1. SUMMARY: GOI WILL REFUSE USG SUGGESTION THAT ALL-CARGO FILINGS BE MADE 60 DAYS PRIOR TO DATE SERVICE COMMENCES. ALITALIA PRESENTLY BELIEVES ADDED SEABOARD CAPACITY WILL RESULT IN DIVERSION OF CARGO TRAFFIC FROM IATA MEMBERS TO SEABOARD AND THUS WILL OPPOSE ADDITIONAL SEABOARD FREQUENCIES UNLESS SATISFIED RE SEABOARD RATES. POSSIBLE THAT PAS MAY DROP TWO WEEKLY ALL-CARGO FREQUENCIES IN NEAR FUTURE, WHICH COULD PROVIDE MEANS TO SECURE TWO ADDITIONAL SEABOARD FREQUENCIES WITHOUT RAISING CONSULTATIONS ISSUE. SEABOARD RATE STRUCTURED IS KEY TO ALITALIA OPPOSITION TO ADDITIONAL SEABOARD FREQUENCIES. END SUMMARY.

2. MINISTRY OF FOREIGN AFFAIRS (MFA) REP LA MORTE INFORMED EMBOFF JULY 11 THAT GOI WILL REFUSE OUR SUGGESTION THAT ALL-CARGO FILINGS BE MADE 60 DAYS PRIOR TO DATE OPERATIONS COMMENCE. MFA WILL SHORTLY DELIVER NOTE TO THIS EFFECT IN RESPONSE TO EMBASSY'S APRIL 19 NOTE. CIVILAVIA HAS INFORMED MFA THAT IT SEES NO BASIS FOR CHANGE FROM PROCEDURES AGREED TO IN BILATERAL AND MEMORANDUM OF UNDERSTANDING (MOU). ALITALIA STRONGLY OPPOSES SUGGESTED CHANGE AND IN EMBASSY'S JUDGEMENT, NEITHER CIVILAVIA NOR MFA WILLING TO OPPOSE ALITALIA ON THIS MATTER.

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PAGE 02 ROME 06751 162225Z

3. LOCAL PAA REP TOLD EMBOFF JULY 10 THAT PAA PLANNING TO FILE NEW ALL-CARGO SCHEDULE, EFFECTIVE AUGUST 1, WITH ITALIAN AUTHORITIES WHICH WOULD REDUCE PAS FROM FOUR TO TWO FREQUENCIES A WEEK. THIS ACTION DIRECTED BY US HEADQUARTERS FOR ECONOMIC REASONS. ROME PAA OFFICE HAS OBJECTED BUT EXPECTS APPEAL, WHICH IS NOTE BASED ON ECONOMIC FACTORS, TO BE REJECTED. REMAINING TWO ALL-CARGO FREQUENCIES WOULD OPERATE THRU PARIS TO DETROIT/CHICAGO, WITH US EAST COST SERVED ONLY BY COMBINATION SERVICES.

4. LOCAL TWO REP REPORTS TWA HAS NO PLANS TO INCREASE ALL-CARGO CAPACITY IN FORESEEABLE FUTURE, BASED ON THEIR MARKET ANALYSIS. ADDED CAPACITY IN 747 COMBINATION SERVICES CONSIDERED MORE THAN ADEQUATE.

5. ALITALIA REP LECESSE PREVIOUSLY TOLD EMBOFFS THAT ALITALIA CONSIDERING REDUCING PRESENT FIVE WEEKLY ALL-CARGO FREQUENCIES BECAUSE OF ADDED CARGO CAPACITY IN 747 COMBINATION SERVICES.

6. LECESSE TOLD EMBOFF JULY 10 THAT ALITALIA WILL OPPOSE TWO ADDITIONAL FREQUENCIES FOR SEABOARD. EMBASSY CONVINCED THAT VIVILAVIA AND MFA WOULD CNCUR IN ALITALIA REQUEST. WHAT ALITALIA FEARS IS DIVERSION OF EXISTING CARGO TRAFFIC FROM ALITALIA (AND PAA/TWA) TO SEABOARD. LECESSE SAID THAT CURRENT SEABOARD TRAFFS ARE AT LEAST FIVE PERCENT UNDER RATES OFFERED BY IATA MEMBERS. SEABOARD'S HIGH-WEIGHT RATE BREAK TRAFF FOR NORTHERN EUROPEA (NOT YET APPROVED FOR ITALY) HAS REPORTEDLY ALREADY ADVRSELY AFFECTED ALITALIA: AIR FREIGHT SHIPMENTS ARE TRUCKED FROM NORTH ITALY AND CONSOLIDATED INTO LARGER SHIPMENTS WHICH QUALIFY FOR LOWER HIGH-WEIGHT RATE. LECESSE REMARKED THAT ALITALIA WOULD WELCOME CHANCE TO DISCUSS RATE/ CAPACITY PROBLEMS WITH SEABOARD.

7. EMBASSY IS CONVINCED THAT, IN ABSENCE OF SATISFACTORY UNDERSTANDING WITH SEABOARD ON CARGO RATE STRUCTURE, ALITALIA WILL EXERCISE ITS VETO WITH GOI AUTHORITIES. RESULT WILL BE, IN ACCORDANCE WITH PARA 5 MOU, INDEFINITE FREEZE ON ALL-CARGO CAPACITY AT 19 FREQUENCIES WEEKLY. IF PAA REDUCES ITS FREQUENCIES BY TWO, GOI WOULD APPEAR TO HAVE NO CHOICE BUT TO APPROVE PRESENT SEABOARD REQUEST FOR TWO ADDITIONAL FREQUENCIES WITOUT CALLING FOR CONSULTATIONS. THIS ONLY TEMPORARY EXPEDIENT, POSTPONING COUSUL-LIMITED OFFICIAL USE

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PAGE 03 ROME 06751 162225Z

TATIONS/FREEZ UNTIL NEXT INCREASE REQUESTED BY ANY US CARRIER.

8. ARGUMENTS IN REFTTEL HAVE HAD NO VISIBLE EFFECT ON ITALIANS. EMBASSY IS CERTAIN THAT CIVILAVIA AND MFA WILL ACT IN ACCORDANCE WITH ALITALIA DESIRES ON QUESTION OF CARGO CAPACITY. FREEZE ON ALL-CARGO CAPACITY WULD APPEAR TO AFFECT SEABOARD MORE THAN ALITALIA, PAA OR TWA. CAPACITY AND RATES ISSUES ARE OBVIOUSLY INTERRELATED AND CARGO CAPACITY HAS ALREADY INCREASED DUE TO 747

COMBINATION FLIGHTS, A FACTOR WHICH MOU TREATS IN PARA 5(F). ONCE
RATES ISSUE IS RESOLVED, EMBASSY BELIEVES ALITALIA WOULD ACCEPT
ALL-CARGO CAPACITY INCREASES.
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